

Message Text

CONFIDENTIAL

PAGE 01 MADRID 04258 061316Z

43

ACTION TRSE-00

INFO OCT-01 EUR-25 ISO-00 FEA-02 SAM-01 SSO-00 NSCE-00

USIE-00 INRE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 PRS-01 SP-03 OMB-01 SWF-02 DRC-01 /166 W

----- 031311

O 061159Z JUL 74

FM AMEMBASSY MADRID

TO SECSTATE WASHDC IMMEDIATE 9361

C O N F I D E N T I A L MADRID 4258

E.O. 11652: GDS

TAGS: ETRD, SP

SUBJECT: COUNTERVAILING DUTIES

REF MADRID 4113

1. BEGIN SUMMARY: GOS APPARENTLY HAS DECIDED NOT TO FOLLOW IDEA THAT COUNTERVAILING DUTY PROBLEM COULD BE RESOLVED THROUGH SPAIN'S REDUCING REBATE BY THE AMOUNT DETERMINED BY U.S. TREASURY TO BE SUBJECT TO COUNTERVAILING ACTION. EMBASSY THUS FAR INFORMED ABOUT THIS DECISION ONLY VIA INFORMAL TELEPHONE CONVERSATIONS AT DIRECTOR GENERAL LEVEL DURING WHICH EMBASSY ALSO INFORMED NOTE EXPECTED TO BE FORTHCOMING FROM MFA EARLY IN WEEK OF JULY 8 COFIRMING GOS POSITION. END SUMMARY.

2. EMBOFF IN CONVERSATION JULY 5 WITH DIRECTOR GENERAL OF CUSTOMS, GERMAN ANLLO, INQUIRED AS TO SITUATION REGARDING GOS COURSE OF ACTION RE COUNTERVAILING DUTY ISSUE. ANLLO'S COMMENTS NOT AT ALL ENCOURAGING: HE SAID HIS TECHNICAL PEOPLE, FOLLOWING TREASURY ARGUMENTS LAST WEEK, FOUND THE U.S. CASE THAT A 3 PERCENT SUBSIDY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MADRID 04258 061316Z

EXISTED TO BE WITHOUT MERIT. WHEN EMBOFF ASKED DIRECTLY

WHETHER (PRIMA" (BOUNTY) WOULD BE ELIMINATED, RESPONSE WAS "WHAT PRIMA?" ANLLO ADDED HE HAD MADE HIS DIRECTOR-ATE'S FINDINGS THIS MATTER CLEAR TO MINISTER BARRERA.

3. ANLLO WENT ON TO SAY SPANISH FOOTWEAR EXPORTERS ASSOCIATION HAD PRESENTED COMPLAINT TO GOS ASKING THAT REPRISAL ACTION BE TAKEN AGAINST U.S. IMPORTS IF TREASURY DEPT. IMPOSES COUNTERVAILING DUTY ON SPANISH FOOTWEAR IMPORTS. HE FURTHER STATED HIS THOUGH THAT THIS COULD BE EVENTUAL LIKELY ACTION BY GOS AND MENTIONED DISC AS LIKELY JUSTIFICATION FOR GOS ACTION CITING IT AS CASE OF U.S. SUBSIDIZATION OF EXPORTS.

4. DURING EVENING JULY 5, EMBOFF ATTEMPTED CONTACT DIRECTORS GENERAL BASSOLS, MFA, GARCIA DIEZ, COMMERCE AND RENDUELES OF FINANCE, TO ASCERTAIN OUTCOME OF COUNCIL OF MINISTER'S MEETINGWM NONE HAD RETURNED TO OFFICE. FINALLY, DIRECTOR GENERAL MEDINA OF MIN COMMERCE WAS CONTACTED WHO RESPONDED IN MUCH SAME MANNER AS ANLLO REGARDING GOS POSITION EXCEPT THERE WAS NO REFERENCE TO REPRISAL ACTION OR DISC. MEDINA STATED HE HAD NO INFORMATION REGARDING RESULTS OF COUNCIL OF MINISTERS' MEETING SINCE HIS MINISTER HAD NOT YET RETURNED. HE DID SAY THAT HIS OWN POSITION (WHICH HE UNDOUBTEDLY PRESENTED TO MINISTER) WAS THAT THE GOS SHOULD NOT GIVE IN ON THIS ISSUE BY ELIMINATING THE "PRIMA." MEDINA DID NOT KNOW WHAT MINISTER FERNANDEZ CUESTA'S DECISION WAS WITH RESPECT TO ACTION OR NON-ACTION THIS ISSUE. MEDINA DID INTRODUCE NEW THOUGHT REGARDING GOS POSITION BY STATING THAT GOS WOULD BE WILLING TO AGREE TO "AUTOLIMITACION A LA EXPORTACION DEL CALZADO" (SELF-LIMITATION OF SHOE EXPORTS) AS CONCILIATORY GESTURE TO U.S.

5. EMBASSY ECON COUNSELOR SPOKE WITH DIRECTOR GENERAL COMMERCIAL POLICY, AUGUSTIN HIDALGO, MORNING JULY 6 WHO STATED DECISION WAS TAKEN NOT TO FOLLOW IDEA OF REDUCING REBATE BY AMOUNT DETERMINED BY U.S. TREASURY TO BE SUBJECT TO COUNTERVAILING ACTION, BUT RATHER TO PROTEST U.S.POSITION. ACCORDING TO HIDALGO, EMBASSY CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MADRID 04258 061316Z

MAY EXPECT RECEIVE NOTE FROM MFA EARLY IN WEEK OF JULY 8. FURTHER, HIDALGO SAID GOS DID NOT FEEL U.S. POSITION WAS CORRECT AND THAT FOR GOS TO ACCEPT IT WOULD ESTABLISH A BAD PRECEDENT ADVERSELY AFFECTING SPANISH TRADE NOT ONLY WITH U.S. BUT OTHER COUNTRIES TOO.

6. COMMENT: IMPORTANT NOTE THAT THIS INFORMATION BASED UPON INFORMAL TELEPHONE CONVERSATIONS ONLY. EMBASSY WILL

AWAIT NOTE AND REPORT FURTHER WHEN RECEIVED.

RIVERO

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, OLIVES, COUNTERVAILING DUTIES, NEGOTIATIONS, MEETINGS, SHOES
Control Number: n/a
Copy: SINGLE
Draft Date: 06 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MADRID04258
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740180-0172
From: MADRID
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740770/aaaaciif.tel
Line Count: 117
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION TRSE
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: MADRID 4113
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 12 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 JUN 2002 by elyme>; APPROVED <25 FEB 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COUNTERVAILING DUTIES
TAGS: ETRD, SP, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005